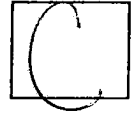


**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**



**WS-01689A**  
**Clear Springs Utility Company--Sewer Division**  
**P.O. Box 85160**  
**Tucson, AZ 85754-0000**

RECEIVED

MAR 27 2007

AZ CORP COMM  
Director Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2006
----	----	------

entered  
3-27-07  
RF

FOR COMMISSION USE

## COMPANY INFORMATION

<b>Company Name (Business Name)</b>		
Clear Springs Utility Company--Sewer Division		
<b>Mailing Address</b>		
P.O. Box 85160		
<small>(Street)</small>		
Tucson	AZ	85754
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
520-624-4404	520-792-0377	
<small>Telephone Number (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>
<b>Email Address</b>		
<b>Local Office Mailing Address</b>		
same as above		
<small>(Street)</small>		
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<small>Local Office Telephone Number (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>
<b>Email Address</b>		

## MANAGEMENT INFORMATION

<b>Management Contact:</b>			
Southwestern Utility Management, Inc.			
<small>(Name) (Title)</small>			
2102 N. Forbes, #107	Tucson	AZ	85745
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
520-624-4404			
<small>Telephone Number (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
<b>Email Address</b>			
<b>On Site Manager:</b>			
Robert Evans			
<small>(Name)</small>			
2102 N. Forbes, #107	Tucson	AZ	85745
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
520-624-4404			
<small>Telephone Number (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
<b>Email Address</b>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

<b>Statutory Agent</b>			
Alex Truchot (Name)			
10515 20 <sup>th</sup> St. SE Suite 100 (Street)	Everett (City)	WA (State)	98205 (Zip)
425-609-6928 Telephone Number (Include Area Code)	425-609-6883 Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Attorney:</b> _____ (Name)			
_____ (Street)	_____ (City)	_____ (State)	_____ (Zip)
_____ Telephone Number (Include Area Code)	_____ Fax No. (Include Area Code)	_____ Pager/Cell No. (Include Area Code)	

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to you company:	
<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-Op)
<input type="checkbox"/> Partnership (P)	<input checked="" type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-Op (A)
<input type="checkbox"/> Receivership (R )	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:		
<input type="checkbox"/> APACHE	<input checked="" type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

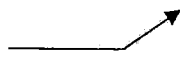
**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D (OC less AD)</b>
351	Organization			
352	Franchises			
353	Land and Land Rights	4654	---	4654
354	Structures and Improvements	9504	5669	3835
355	Power Generation Equipment	49999	46093	3906
360	Collection Sewers – Force	272018	246641	25377
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Service to Customers	9880	1519	8361
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.	487	91	396
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equip.			
390	Office Furniture and Equipment			
391	Transportation Equipment	863	863	---
393	Tools, Shop and Garage Equip.	1397	1070	327
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	<b>TOTALS</b>	<b>348802</b>	<b>301946</b>	<b>46856</b>

This amount goes on the Balance Sheet Acct. No. 108

**CALCULATION OF DEPRECIATION EXPENSE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
351	Organization			
352	Franchises			
353	Land and Land Rights	4654	---	---
354	Structures and Improvements	9504	5%	202
355	Power Generation Equipment	49999	5%	206
360	Collection Sewers – Force	272018	5%	1335
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers	9880	5%	440
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.	487	5%	21
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equip.			
390	Office Furniture and Equipment			
391	Transportation Equipment	863	5%	---
393	Tools, Shop and Garage Equip.	1397	5%	17
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	<b>TOTALS</b>	348802		2221

This amount goes on Comparative Statement of Income and Expense Acct. No. 403. 

Less: Amortization of contributions in Aid of Construction

( 298)  
1923

**BALANCE SHEET**

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 3,729	\$ 8,866
132	Special Deposits		
135	Temporary Cash Investments	15000	15000
141	Customer Accounts Receivable	5624	5239
146	Notes/Receivables from Associated Companies	39496	21338
151	Plant Material and Supplies	1602	1602
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 65451	\$ 52045
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 338582	\$ 348802
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	( 299725 )	( 301946 )
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 38857	\$ 46856
	<b>TOTAL ASSETS</b>	\$ 104308	\$ 98901

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ ---	\$ ---
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	6547	6547
235	Customer Deposits	1525	1053
236	Accrued Taxes	241	235
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	6000	---
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 14313	\$ 7835
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
252	Advances in Aid of Construction	\$ 40819	\$ 40741
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	82012	87976
272	Less: Amortization of Contributions	( 82012 )	( 82310 )
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 40819	\$ 46407
	<b>TOTAL LIABILITIES</b>	\$ 55132	\$ 54242
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Other Paid in Capital	656200	647200
215	Retained Earnings	( 607024 )	(602541 )
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 49176	\$ 44659
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 104308	\$ 98901

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>TEST YEAR</b>
521	Flat Rate Revenues	\$	\$
522	Measured Revenues	50089	49869
536	Other Wastewater Revenues	710	520
	<b>TOTAL REVENUES</b>	\$ 50799	\$ 50389
	<b>OPERATING EXPENSES</b>		
701	Salaries and Wages	\$	\$
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power	1368	1654
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies		
731	Contractual Services – Professional	21255	23080
735	Contractual Services – Testing	2924	2774
736	Contractual Services - Other	4241	9468
740	Rents		
750	Transportation Expense	2018	3015
755	Insurance Expense		
765	Regulatory Commission Expense	2613	---
775	Miscellaneous Expense	929	783
403	Depreciation Expense	1800	1923
408	Taxes Other Than Income		
408.11	Property Taxes	3374	3564
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 40522	\$ 46261
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$ 317	\$ 427
421	Non-Utility Income	26	26
426	Miscellaneous Non-Utility Income		
427	Interest Expense	( 26 )	( 98 )
	<b>TOTAL OTHER INCOME/EXP</b>	\$ 317	\$ 355
	<b>NET INCOME/(LOSS)</b>	\$ 10594	\$ 4483



**SUPPLEMENTAL FINANCIAL DATA**

Long-Term Debt

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ ---	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principal	\$	\$	\$	\$

**COMPANY NAME** Clear Springs Utility - Sewer Division

## WASTEWATER COMPANY PLANT DESCRIPTION

### TREATMENT FACILITY

<b>TYPE OF TREATMENT</b> (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	Aerobic Lagoon Anaerobic Lagoon
<b>DESIGN CAPACITY OF PLANT</b> (Gallons Per Day)	300,000 Gallons/Day

### LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
S.W. Corner Ford Rd. & Allen St.				
Sunsites, Pearce, AZ	2	7.5	500	2000
Stand-by Back-up Pump				
220 V 3ph	1	5	200	
Stand-by 110 Volt Pump	1	5	160	

### FORCE MAINS

Size	Material	Length (Feet)
4-inch		
6-inch		
8-inch	AC	1200

### MANHOLES

Type	Quantity
Standard	160
Drop	

### CLEANOUTS

Quantity
11

COMPANY NAME

Clear Springs Utility Company - Sewer Division

**WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)****COLLECTION MAINS**

Size (in inches)	Material	Length (in feet)
4		
6	AC/PVC	1225/3730
8	AC/Clay/PVC	24200/56000
10		11840
12		
15		
18		
21		
24		
30		

**SERVICES**

Size (in inches)	Material	Quantity
4	AC	380
6		
8		
12		
15		

**FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY**

<b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>	
<b>DISINFECTION EQUIPMENT</b> (Chlorinator, Ultra-Violet, Etc.)	
<b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	
<b>STRUCTURES</b> (Buildings, Fences, Etc.)	Fences Surrounding Sewer Ponds
<b>OTHER</b> (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	Stand-by Generator Pump

**COMPANY NAME**

Clear Springs Utility Company - Sewer Division

**WASTEWATER FLOWS**

<b>MONTH/YEAR (Most Recent 12 Months)</b>	<b>NUMBER OF SERVICES</b>	<b>TOTAL MONTHLY SEWAGE FLOW</b>	<b>SEWAGE FLOW ON PEAK DAY</b>
January 2006	375	1,612,500	93,750
February 2006	375	1,666,680	96,900
March 2006	375	1,640,880	95,400
April 2006	377	1,609,920	93,600
May 2006	380	1,491,240	86,700
June 2006	380	3,173,400	184,500
July 2006	380	2,417,460	140,550
August 2006	380	1,524,780	88,650
September 2006	380	1,674,420	97,350
October 2006	380	613,985	35,697
November 2006	380	1,208,801	70,279
December 2006	380	1,267,521	73,693

**PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE**

<b>Method of Effluent Disposal</b> (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	100824
<b>Wastewater Inventory Number</b> (all wastewater systems are assigned an inventory number)	
<b>Groundwater Permit Number</b>	
<b>ADEQ Aquifer Protection Permit Number</b>	P100824
<b>ADEQ Reuse Permit Number</b>	
<b>EPA NPDES Permit Number</b>	

## STATISTICAL INFORMATION

Total number of customers 380

Total number of gallons treated 19,901,587 gallons

**INCOME TAXES****For this reporting period, please provide the following:****Federal Taxable Income Reported** S-Corporation  
**Estimated or Actual Federal Tax Liability** \_\_\_\_\_**State Taxable Income Reported** S-Corporation  
**Estimated or Actual State Tax Liability** \_\_\_\_\_**Amount of Grossed-Up Contributions/Advances:****Amount of Contributions/Advances** \_\_\_\_\_  
**Amount of Gross-Up Tax Collected** \_\_\_\_\_  
**Total Grossed-Up Contributions/Advances** \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
\_\_\_\_\_  
**SIGNATURE**3.23.07  
\_\_\_\_\_  
**DATE**Alex Truchot  
\_\_\_\_\_  
**PRINTED NAME**President  
\_\_\_\_\_  
**TITLE**

COMPANY NAME Clear Springs Utility Company--Sewer Division

YEAR ENDING 12/31/2006

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar year 2006 was \$ 3564.19

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property tax paid, explain why. \_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

**VERIFICATION**

**STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE**

(COUNTY OF (COUNTY NAME) <i>Pima Cochise AT</i>	
NAME (OWNER OR OFFICIAL) <i>Alex Truchot</i>	TITLE <i>President</i>
COMPANY NAME <i>Clear Springs Utility Company--Sewer Division</i>	

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE**  
**ARIZONA CORPORATION COMMISSION**  
**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

**I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

  
SIGNATURE OF OWNER OR OFFICIAL

*425-609-6928*  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

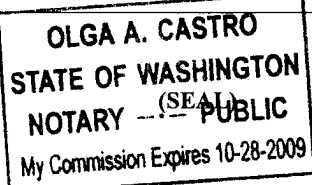
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS *23*

DAY OF

*Spokane March*

COUNTY NAME	<i>Spokane</i>	
MONTH	<i>March</i>	20 <i>07</i>



MY COMMISSION EXPIRES

*10/28/2009*

  
SIGNATURE OF NOTARY PUBLIC

See Accountants' Report.



RECEIVED

MAR 27 2007

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION  
STATE OF**

Arizona

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME)	Pima Cochise AU
NAME (OWNER OR OFFICIAL) TITLE	Alex Truchot, President
COMPANY NAME	Clear Springs Utility Company--Sewer Division

AZ CORP COMM  
Director Utilities

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**


IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

**\$ 53460.21**

**(THE AMOUNT IN THE BOX ABOVE  
INCLUDES \$ 3071.21  
IN SALES TAXES BILLED, OR COLLECTED)**

**\*\*REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)**

  
SIGNATURE OF OWNER OR OFFICIAL

425-609-6928  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS** 23rd of April March **DAY OF**

**(SEAL)**

**MY COMMISSION EXPIRES**

**See Accountant's Report**

**OLGA A. CASTRO  
STATE OF WASHINGTON  
NOTARY --- PUBLIC  
My Commission Expires 10-28-2009**

10/28/09

COUNTY NAME	Shohomesh
MONTH	March
DAY	20 07

  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
Intrastate Revenues Only**

**RECEIVED**

MAR 27 2007

AZ CORP COMM  
Director Utilities

**VERIFICATION**

**STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE**

(COUNTY NAME) <u>Pima Cochise</u> <i>AT</i>	
NAME (OWNER OR OFFICIAL) <b>Alex Truchot</b>	TITLE <b>President</b>
COMPANY NAME <b>Clear Springs Utility Company--Sewer Division</b>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<b>12</b>	<b>31</b>	<b>2006</b>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS. PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:**

ARIZONA INTRASTATE GROSS OPERATING REVENUES  <div style="text-align: center; font-size: 1.2em;">\$ 46814.00</div>
---

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 2689.43  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

*Olga A. Castro*  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL

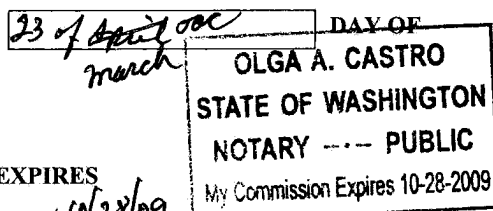
425 609-6928  
\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF  
THIS**

(SEAL)

MY COMMISSION EXPIRES

See Accountants' Report 10/28/09



NOTARY PUBLIC NAME <u>Olga A. Castro</u>	
COUNTY NAME <u>Prohomul</u>	
MONTH <u>April</u>	200 <u>7</u>

X *Olga A. Castro*  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

**HOLM, HESTAND & VALENZUELA, CPAs, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**3131 NORTH COUNTRY CLUB ROAD, SUITE 109**  
**TUCSON, ARIZONA 85716**

**DOUGLAS R. HOLM, CPA**  
**EMMA K. HESTAND, CPA**  
**JANETTE G. VALENZUELA, CPA**

**TELEPHONE: (520) 326-8483**  
**FAX: (520) 795-5191**  
**E-MAIL: HHVCPA@EARTHLINK.NET**

**COMPILATION ENGAGEMENT REPORT**

We have compiled the balance sheets of Clear Springs Utility Company--Sewer Division as of December 31, 2006 and 2005, and the related comparative statements of income and expense for years then ended, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission--Utilities Division information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

*Holm, Hestand, Valenzuela CPAs P.C.*

March 10, 2007

SEWER DIVISION  
P.O. BOX 85160  
TUCSON, AZ 85754  
(520) 623-5172

WELLS FARGO BANK, N.A.  
WWW.WELLSFARGO.COM  
91-527/1221

4/11/2006

PAY TO THE  
ORDER OF

Marsha Bonham - Cochise County Treasurer

\$ \*\*1,794.61

One Thousand Seven Hundred Ninety-Four and 61/100\*\*\*\*\* DOLLARS

Marsha Bonham - Cochise County Treasurer  
PO Box 1778  
Bisbee, AZ 85603

VOID AFTER 90 DAYS

MEMO:

2nd Half Prop. tax 2005 Parcel ID: 951-52-270 4

||001485|| 1:1221052781:5306074252||

## 1485

Marsha Bonham - Cochise County Treasurer

4/11/2006

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
02/14/2006	Bill	2nd Half 2005	1,794.61	1,794.61		1,794.61
					Check Amount	1,794.61

131100 - Wells Fargo Ban    2nd Half Prop. tax 2005 Parcel ID: 951-52-270 4

1,794.61

7946270000022685E000000 2 0002225756 5002

Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee, AZ 85603-2778

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 104

029515227000400000179461



Make check payable to:  
Marsha Bonham  
Cochise County Treasurer

TO PAY 2ND HALF PAY 1,794.61

Due March 1, 2006  
CLEAR SPRINGS UTILITY COMPANY  
951 52 270 4  
115038

7003 SEVEN HALF PAYMENT COURON

Delinquency Date Second Half Payment  
Penalty for late payment is 16% per year  
proprated monthly as of the 1st day of the month  
for payments postmarked after 5:00 P.M.  
May 1, 2006 (ARS 42-18052 and ARS 42-  
18053).

**CLEAR SPRINGS UTILITY CO., INC.**

SEWER DIVISION  
P.O. BOX 85160  
TUCSON, AZ 85754  
520-623-5172

WELLS FARGO BANK, N.A.  
WWW.WELLSFARGO.COM  
91-527/1221

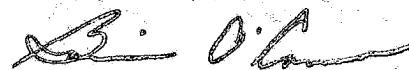
10/11/2006

PAY TO THE ORDER OF Marsha Bonham - Cochise County Treasurer

\$ \*\*1,769.58

One Thousand Seven Hundred Sixty-Nine and 58/100 \*\*\*\*\* DOLLARS

Marsha Bonham - Cochise County Treasurer  
PO Box 1778  
Bisbee, AZ 85603



## MEMO:

1st Half Prop. tax 2006 Parcel ID: 951-52-270 4

⑈001555⑈ ⑆122105278⑆5788196243⑈

DETACH AND RETURN WITH PAYMENT

Make check payable to:  
Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778

Payment in U.S. FUNDS ONLY

TO PAY 1ST HALF ONLY	PAY ▶	<b>1,769.58</b>
TO PAY FULL YEAR TAX	PAY ▶	<b>3,539.16</b>

If your mortgage company makes your property  
tax payments consider this notice as a courtesy  
copy for your records only.



029515227000400000176958



Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778

2006 9515227004 1 00000035391600000176958

**006 FIRST HALF PAYMENT COUPON**

Due October 1, 2006

CLEAR SPRINGS UTILITY (SEWER) COMPANY

1-52-270 4 0117600

**Delinquency Date** First Half Payment

Penalty for late payment is 16% per year prorated  
monthly as of the 1st day of the month for  
payments postmarked after **5:00 P.M. November**  
**2006** (ARS 42-18052 and ARS 42-18053).

Any total property tax of \$100 or less must be paid  
**full** using the first payment coupon, no later  
than **November 1, 2006 at 5:00 p.m.**

Pay taxes for the full year, send the 1st half coupon  
with your payment postmarked no later than **Dec. 31,**  
**2006**. Delinquent interest will be waived.